

INTRODUCTION: Source and Availability of the Balance in the Account of the U.S. Treasury

The Treasury's operating cash is maintained in accounts with the Federal Reserve banks (FRBs) and branches, as well as in tax and loan accounts in other financial institutions. Major information sources include the Daily Balance Wire received from the FRBs and branches, and electronic transfers through the Letter of Credit Payment, Fedline Payment, and Fedwire Deposit Systems. As the FRB accounts are depleted, funds are called in (withdrawn) from thousands of tax and loan accounts at financial institutions throughout the country.

Under authority of Public Law 95-147, Treasury implemented a program on November 2, 1978, to invest a portion of its operating cash in obligations of depositaries maintaining tax and loan accounts. Under the Treasury tax and loan investment program, depositary financial institutions select the manner in which they will participate. Financial institutions wishing to retain funds deposited into their tax and loan accounts in interest-bearing obligations participate under the

Note Option. The program permits Treasury to collect funds through financial institutions and to leave the funds in Note Option depositaries and in the financial communities in which they arise until Treasury needs the funds for its operations. In this way, Treasury is able to neutralize the effect of its fluctuating operations on Note Option financial institution reserves and on the economy. Likewise, those institutions wishing to remit the funds to the Treasury's account at FRBs do so under the Remittance Option.

Deposits to tax and loan accounts occur as customers of financial institutions deposit tax payments, which the financial institutions use to purchase Government securities. In most cases, this involves a transfer of funds from a customer's account to the tax and loan account in the same financial institution. Also, Treasury can direct the FRBs to invest excess funds in tax and loan accounts directly from the Treasury account at the FRBs.

TABLE UST-1.--Elements of Change in Federal Reserve and Tax and Loan Note Account Balances

[In millions of dollars. Source: Financial Management Service]

Fiscal year or month	Credits and withdrawals				
	Federal Reserve accounts			Tax and loan note accounts	
	Credits ¹		Withdrawals ²	Taxes ³	Withdrawals (transfers to Federal Reserve accounts)
	Received directly (1)	Received through remittance option tax and loan depositaries (2)			
	(1)	(2)	(3)	(4)	(5)
1991	3,068,821	264,818	3,333,340	566,620	565,581
1992	3,266,858	288,556	3,538,754	572,967	572,321
1993	3,407,516	331,337	3,746,152	584,383	583,369
1994	3,597,247	307,639	3,915,321	686,879	693,001
1995	3,904,812	226,833	4,129,866	642,952	642,716
1994 - Dec.	303,143	28,679	330,006	83,342	85,631
1995 - Jan.	340,682	19,678	353,559	52,529	36,069
Feb.	323,055	14,675	344,805	42,198	49,124
Mar.	327,127	18,080	347,552	51,621	67,020
Apr.	345,366	18,414	360,082	51,981	35,706
May.	381,363	16,565	401,521	45,139	53,385
June	391,455	20,666	395,787	62,509	44,528
July	274,267	15,421	299,462	44,381	46,244
Aug.	351,907	15,102	373,446	45,356	69,694
Sept.	290,931	18,998	306,074	58,374	42,408
Oct.	298,831	15,725	316,159	46,545	61,697
Nov.	393,003	14,447	408,763	44,608	38,381
Dec.	316,921	21,708	338,354	68,902	74,788

See footnotes at end of table.

**TABLE UST-1.--Elements of Change in Federal Reserve
and Tax and Loan Note Account Balances, con.**

[In millions of dollars. Source: Financial Management Service]

Fiscal year or month	Balances							
	End of period		High		During period		Average	
	Federal Reserve (6)	Tax and loan note accounts (7)	Federal Reserve (8)	Tax and loan note accounts (9)	Low		Federal Reserve (12)	Tax and loan note accounts (13)
					Federal Reserve (10)	Tax and loan note accounts (11)		
1991	7,928	33,556	27,810	36,577	2,427	422	6,646	19,202
1992	24,586	34,203	24,586	37,028	1,852	2,752	6,513	19,756
1993	17,289	35,217	28,386	37,540	1,108	1,625	6,510	18,978
1994	6,848	29,094	21,541	46,624	2,736	-	5,904	18,631
1995	8,620	29,329	20,977	41,288	2,826	99	6,127	16,955
1994 - Dec.....	7,161	19,419	9,047	38,732	3,396	342	6,113	13,065
1995 - Jan.	13,964	35,880	13,964	35,880	5,061	11,053	7,147	21,019
Feb.....	6,890	28,954	10,404	36,361	3,890	15,751	5,753	21,968
Mar.....	4,543	13,554	7,967	24,367	3,461	5,128	5,141	9,864
Apr.....	8,241	29,828	8,241	32,277	4,211	99	6,155	12,719
May.....	4,646	21,582	16,220	39,051	3,735	11,208	5,791	19,847
June	20,977	39,563	20,977	39,870	2,826	775	7,530	19,928
July	11,206	37,700	20,977	39,563	4,860	21,161	6,984	28,380
Aug.	4,767	13,363	7,418	36,873	4,048	5,167	5,257	14,366
Sept.	8,620	29,329	17,499	41,288	4,001	1,430	6,850	17,754
Oct.	7,018	14,176	8,620	33,237	3,416	4,677	5,384	12,446
Nov.	5,703	20,402	6,538	20,402	4,621	-	5,410	8,195
Dec.	5,979	14,515	11,383	40,647	4,998	3,617	6,762	15,191

¹Represents transfers from tax and loan note accounts, proceeds from sales of securities other than Government account series, and taxes.

²Represents checks paid, wire transfer payments, drawdowns on letters of credit, redemptions of securities other than Government account series, and investment (transfer) of excess funds out of this account to the tax and loan note accounts.

³Taxes eligible for credit consist of those deposited by taxpayers in the tax and loan depositories

as follows: Withheld income taxes beginning March 1948; taxes on employers and employees under the Federal Insurance Contributions Act beginning January 1950, and under the Railroad Retirement Tax Act beginning July 1951; a number of excise taxes beginning July 1953; estimated corporation income taxes beginning April 1967; all corporation income taxes due on or after Mar. 15, 1968; Federal Unemployment Tax Act taxes beginning April 1970, and individual estimated income taxes beginning October 1988.